

LASERS



SUMMARY ANNUAL REPORT

FISCAL YEAR ENDED JUNE 30, 2004

LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

A COMPONENT UNIT OF THE STATE OF LOUISIANA

Ten thousand copies of this document were published with non-public trust funds at a total cost of \$6,315.70 or 63 cents per copy. This document was published by the Louisiana State Employees' Retirement System (LASERS) to disseminate plan benefit information to members and retirees.



GOALS AND OBJECTIVES

Offer exceptional customer service

- Provide accurate and timely information
- Provide effective retirement education for both members and agency liaisons
- Improve IT implementation
- Data Integrity Project

Increase financial soundness of system

- Eliminate the negative balance in the Experience Account by rolling the balance into the Unfunded Accrued Liability
- Create a standardized benefit plan
- Reduce overhead

Improve the effectiveness of LASERS Investments Program

- Allocate assets to best optimize risk/return performance and continue to explore traditional/non-traditional asset classes to increase return and/or decrease risk
- Evaluate and implement asset class strategies
- Cost Measurement Analysis

Develop a skilled and high-performing team, committed to achieving LASERS goals

- Increase the level of staff training including cross-training
- Increase intra-agency communication
- Improve the workplace experience

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LASERS MISSION STATEMENT

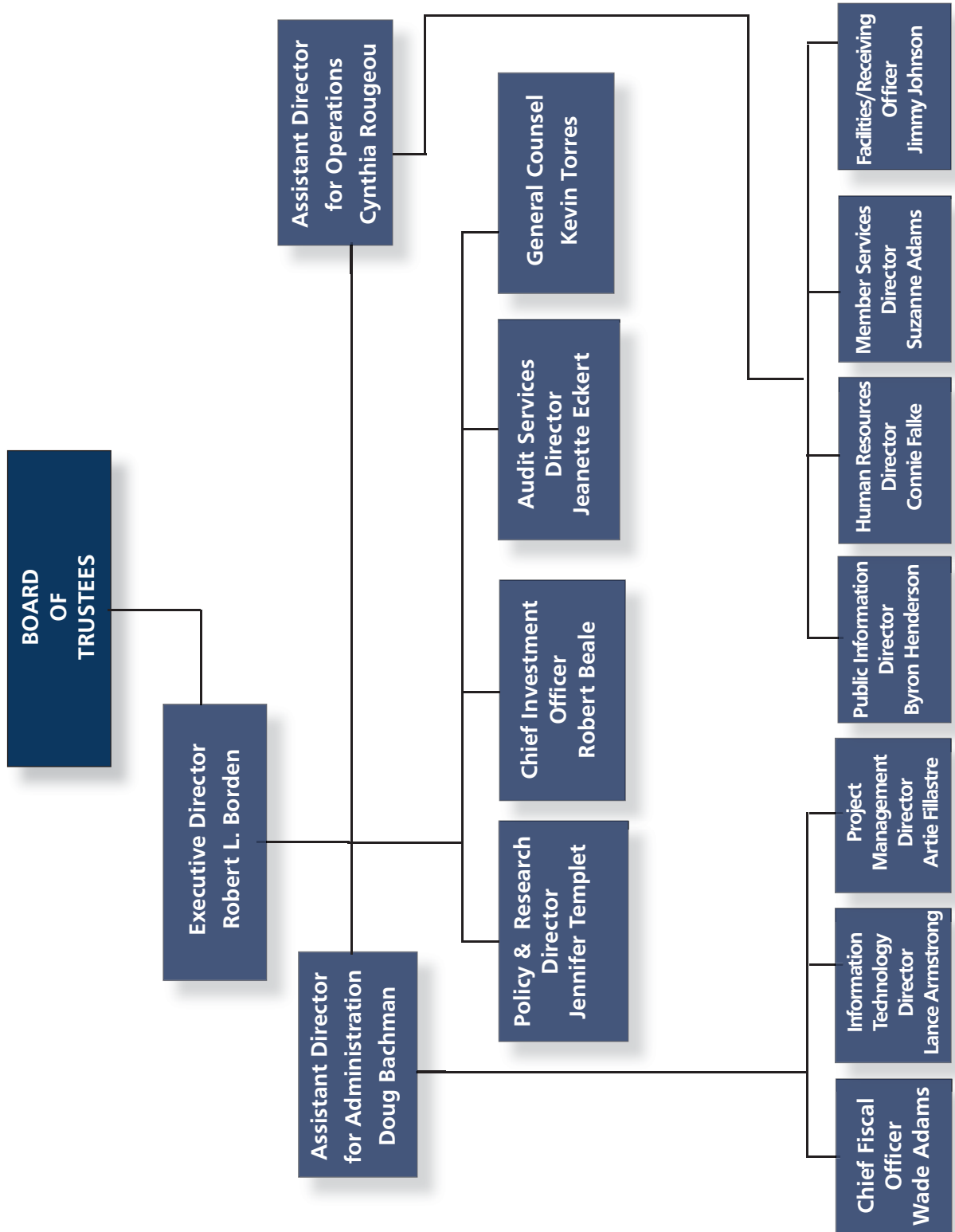
**To improve the financial security and quality of life of
LASERS members and their families by utilizing
qualified personnel adhering to the highest level of
professional standards, prudent management of
system assets, and cost-effective administration.**

LASERS BOARD OF TRUSTEES FOR FISCAL YEAR 2003-2004

Louis S. Quinn - Chairman
Cynthia Bridges
Senator Lambert Boissiere, Jr.
Virginia Burton
Connie Carlton
Honorable John Kennedy - State Treasurer
Barbara McManus McCann
Sheryl M. Ranatza
Representative Pete Schneider
Kathy Singleton
Cheryl Turner
Judge Trudy M. White

LASERS ORGANIZATIONAL CHART

(as of 6/30/04)



December 31, 2004

Dear Members:

The goal of the Louisiana State Employees' Retirement System (LASERS) is to ensure its stability as a financially sound retirement system while providing premium customer service. With the aim of delivering both of these quality objectives, LASERS is designing a new pension administration system that will unite with an updated accounting system. LASERS will be distributing more information on this project in the future. While designing the new system, we will continue our pursuit of other customer service improvements.

Focal points of LASERS strategic plan are improved communication and educational services for members and other interested groups. We are currently putting a program in place that will increase our ability to make personal, on-site visits to member agencies and individual members by LASERS Member Services Field Representatives. This program will enhance members' understanding of retirement laws pertaining to LASERS, increase the opportunities for one-on-one counseling, and improve distribution of information to agencies and members.

We are pleased to present this 2004 Summary Annual Report to you as a key component of our member communication program. This report has been designed to provide members with basic information about LASERS and its financial condition in a user friendly format.

Success in investment strategy and performance is necessary for LASERS to meet its goals. To improve overall performance, we continue to work on a comprehensive long-term strategic plan for investments that seeks to enhance our competitive position when compared to other state retirement systems. Our plan includes a review of how LASERS distributes its assets among investments and performs different strategies within each asset class. The ultimate goal is to become a low cost provider that consistently delivers investment returns superior to most state retirement systems. LASERS success was proven again when the investment portfolio performance finished the fiscal year with an 18.0% market value return.

LASERS objective is to have its long-term benefit obligations funded by the year 2029. As of June 30, 2004, the actuarial funded ratio of assets to liabilities was 59.6%. This ratio means that LASERS currently has about 60 cents for every dollar of future benefits to be paid to state employees.

The 2004 Summary Annual Report also includes information on two new features available to LASERS members – "Air Time" and Self-Directed DROP. Members with at least one year of service can purchase up to five years of "Air Time" (service credit) in the system. DROP (Deferred Retirement Option Plan) is an optional method of retiring from LASERS in which the member continues to earn a regular salary, but accumulates money in an individual account based on the amount that would have been received as a monthly retirement benefit had the member left state employment. In Self-Directed DROP, a member may choose how the funds in his account are to be invested.

Our Summary Annual Report for 2003 received a prestigious national award for providing understandable answers to questions commonly asked by our members and for conforming to the highest standards of preparation of state and local government popular reports. This is the fifth consecutive year we have received this award. The reporting standards are further defined at the end of this report.

We trust you will find the information in our 2004 Summary Annual Report, as well as the additional sources of information provided, to be both interesting and informative. We look forward to being of continuous service to you, our members.

Sincerely,



Robert L. Borden, CFA
Executive Director



Robert Beale, CFA
Chief Investment Officer



Wade Adams, CPA
Chief Fiscal Officer

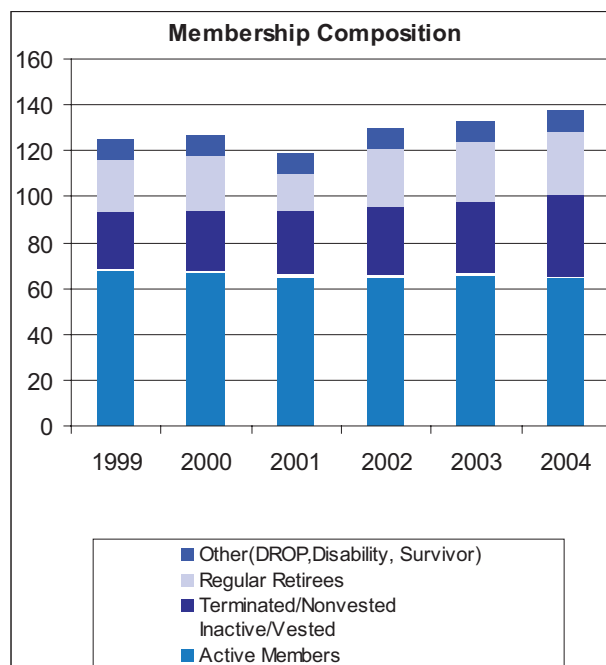
MEMBERSHIP AND FINANCIAL HIGHLIGHTS 2004

LASERS is a public trust fund created to provide retirement benefits for state officers, employees and their beneficiaries. At the fiscal year ended June 30, 2004, LASERS had a total of 137,719 members, of which there were 64,149 members currently working, 26,945 members on regular retirement, and 2,835 members in DROP. The residual balance of LASERS membership is made up of disability retirees, survivors and those members who are no longer working and are either due a refund or can draw a retirement benefit when they reach their qualifying age.

As of June 30, 2004, LASERS Plan Net Assets were \$6,608,025,129, an increase of \$889,281,150, or approximately 15.6%, from the prior year. For the fiscal year ended June 30, 2004, LASERS realized operating revenues of \$644.9 million, and disbursed \$635.6 million, including investment manager fees, for a net positive Operating Cash Flow of \$9.3 million. The primary causes of the increase were growth in the financial markets that impacted LASERS investment performance and a rise in contributions. All of the Plan Net Assets are available to meet LASERS ongoing obligations to its members, retirees, and beneficiaries. Expenses (Deductions in Plan Assets) for Fiscal Year 2004 were \$615,337,129, an increase of \$34,454,294, or

approximately 5.9%, from the prior year. The increase was primarily due to increases in the number of retirees and higher average benefit payments.

In 1992, legislation created an Experience Account to accumulate one-half of any return above the target return of 8.25%. This Experience Account would be used to fund cost-of-living adjustments (COLAs). Funds accumulated in the Experience Account were offset when returns did not meet the target rate. In 2001 and 2002, COLAs were granted as required under the legislation at that time. The ensuing stock market decline then caused the Experience Account to show a negative balance. In February 2004, the Public Retirement Systems' Actuarial Committee (PRSAC) ruled that inclusion of the negative Experience Account Balance in funding calculations violated constitutional funding requirements. In response to the PRSAC ruling, the Louisiana Legislature passed Act 588 that resulted in a \$687 million increase in the Unfunded Actuarial Accrued Liability and a 6.2% decrease in the plan's Funded Ratio. The Act reset the Experience Account Balance to zero and set the minimum employer contribution rate at 15.5%. An Employer Credit Account was established for excess contributions.



Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

**LOUISIANA
STATE EMPLOYEES'
RETIREMENT SYSTEM**

**For the fiscal year ending
June 30, 2003**



Nancy L. Zielke
President

Jeffrey L. Esser
Executive Director

COLAs/EXPERIENCE ACCOUNT UPDATE 2004

The Experience Account legislation (Act 588 of 2004) supported by LASERS and sponsored on our behalf by Senator Lambert Boissiere, Jr. was clearly the most important legislation affecting the system during the recent legislative session. It was perhaps the most far-reaching legislation for LASERS in many years. This Act primarily addressed two significant issues, our Unfunded Accrued Liability and our ability to grant Cost of Living Adjustments (COLAs) to LASERS retirees.

As many members will recall, the Experience Account was created to fund COLAs for LASERS retirees. Prior to its enactment, when it came to COLAs, a LASERS retiree was forced to rely on the uncertainty of the legislative appropriations process.

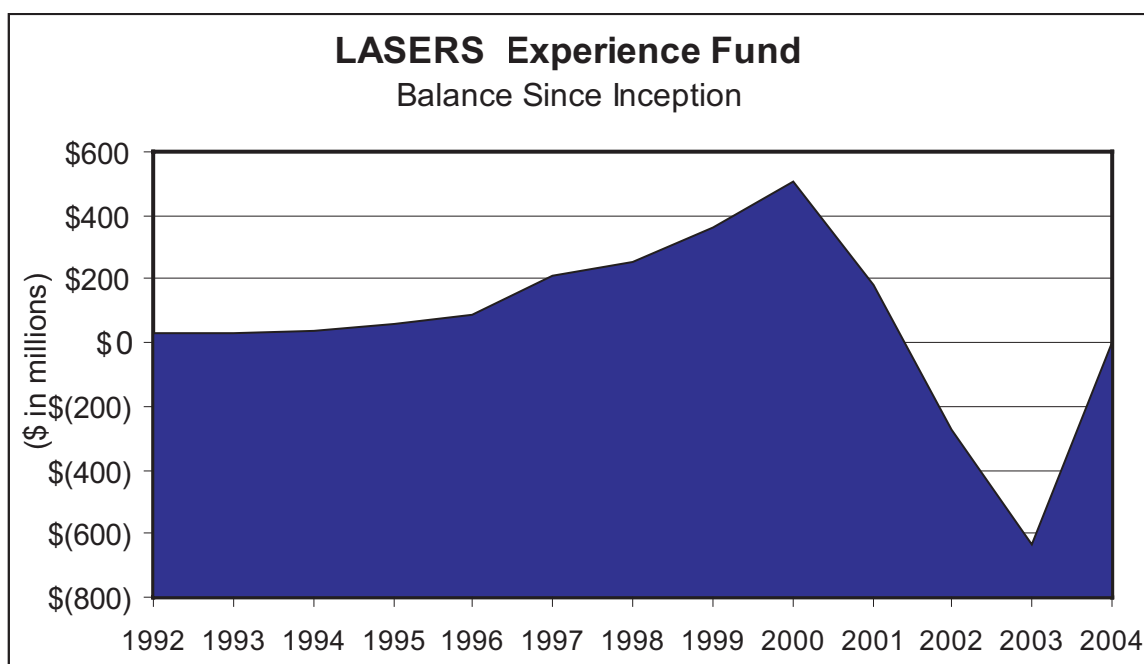
The Experience Account was intended to serve as a mechanism to provide COLAs on a more predictable basis. The account would accumulate 50% of LASERS excess investment gains or losses relative to the actuarial rate of the return (8.25%) expected of our system. For many years, positive investment returns enabled our Board of Trustees to authorize COLAs. Unfortunately, the original legislation contained a flaw that allowed the account to accumulate a negative balance.

After experiencing three years of negative investment returns, the balance in the LASERS Experience Account reached a negative \$687 million. Left unchecked, it could have taken a decade or more of significant positive investment returns before our retirees would have once again received a COLA.

After much debate in the legislature and with the support of Senate Retirement Committee Chairman Lambert Boissiere, Jr. and House Retirement Committee Chairman Pete Schneider, LASERS was able to shepherd the new legislation through the process and into law.

Act 588 eliminated the negative balance in the Experience Account and reamortized that debt over 30 years. The Act set a 15.5 percent minimum employer contribution rate that may, over time, reduce our overall Unfunded Accrued Liability.

Significantly for LASERS retirees, with the elimination of the negative balance in the Experience Account and the anticipated continuation of positive investment returns, we should be in a position to recommend the granting of a COLA within the next few years.



BUDGET REPORT 2004

OPERATING BUDGET VS ACTUAL

New legislation enacted by the Louisiana Legislature during the summer of 2004, (Acts 275 and 802) requires all retirement systems, including LASERS, to submit an annual operating budget to the Joint Legislative Committee on the Budget for review and approval. In prior years the final budget approval and adjustments rested solely with the LASERS Board of Trustees.

Beginning with Fiscal Year 2003-2004,

LASERS began a program directed at optimizing the budget process and streamlining operations through budget administration. The goals of these efforts include:

- Improved internal financial accountability
- Continued reduction of discretionary (controllable) spending
- Enhanced monitoring of non-discretionary expenditures.

Category	2004 Actual	2004 Budget	Favorable/ (Unfavorable)	2003 Actual	2003 Budget	Favorable/ (Unfavorable)
Salaries and Related Benefits	\$ 7,622	\$ 7,823	\$ 201	\$ 6,516	\$ 6,561	\$ 45
Travel	180	351	171	186	348	162
Operating Services	2,453	2,980	527	2,188	3,220	1,032
Supplies	272	300	28	181	197	16
Professional Services	1,952	2,149	197	1,125	1,414	289
Acquisitions	594	689	95	542	751	209
Total*	\$13,073	\$14,292	\$1,219	\$10,738	\$12,491	\$1,753
*Operating Expenses not including Investment Fees paid to managers						

IMPROVED FINANCIAL ACCOUNTABILITY

Budget processes were enhanced by reviewing budget vs actual activity. This effort has helped to ensure that the agency remains within budget in all areas. The table above is a budget vs actual summary of the agency's operating expenses for the past two years (in thousands).

REDUCTION OF DISCRETIONARY SPENDING

In the budget process, LASERS has made a concerted effort to control discretionary spending. These controllable costs include travel, supplies, postage, operating services, telephone expenses and acquisitions.

LASERS non-discretionary expenditures

include non-controllable costs such as personnel (dictated by civil service/legal requirements), building rental, external audit, actuary, insurance, board elections and investment management fees.

The discretionary budget has been reduced significantly for three consecutive fiscal years beginning with a 9% decrease for the fiscal year ended June 30, 2004. Fiscal Year 2004 – 2005 is budgeted for a 10% decrease in discretionary spending and 2005 – 2006 is projected to have an additional 5% decrease.

MONITORING OF NON-DISCRETIONARY EXPENDITURES

Personnel costs are not considered fully discretionary due to civil service rules and payment

requirements. The number of full-time employees for the agency has increased by only one staff person for the past two years and no additional positions are anticipated for Fiscal Year 2005 – 2006.

Other non-discretionary expenditures are also being addressed. Much of the work for the

external audit is now being done in-house with the expectation that the cost of the external audit will be slightly reduced. In addition, more of the investment management is being handled in-house which helps reduce the investment management fees.

LASERS NEW PENSION ADMINISTRATION SYSTEM

LASERS is designing a new software system that will provide a stable, fully integrated solution capable of supporting LASERS mission well into the 21st century. In support of the overall system implementation effort, LASERS commissioned a Business Process Reengineering study to fundamentally redesign its core business operations and set the stage for continuous process improvement for many years to come. The expected results will include both tangible benefits, such as annual expense savings, and intangible benefits, such as enhanced customer service capabilities. The new system will be named the State of Louisiana Retirement Information System (SOLARIS).

The high level functionality of SOLARIS will include the following:

- Core pension administration functions, with applications that permit the agency to better perform all of its operations, such as wage and contribution reporting, generating benefit estimates, issuing refunds, calculating the cost of purchased service, retirement processing, payroll tax processing, 1099 processing, and production of member annual statements;
- Implementation of full employer reporting capabilities, such as Web-enabled employer reporting;
- Integration with the existing imaging and workflow applications;
- Integration with the upgraded accounting system;
- Enabling all required interfaces with other entities, which include, but are not limited to:
 - Integrated Statewide Information System (ISIS) and PeopleSoft (for Louisiana Technical Colleges and the LSU Medical

Center) for reporting payroll information of state employees;

- Great-West Retirement Services for the Optional Retirement Program (ORP), Self-Directed DROP, and Deferred Compensation; and
- IPS of Boston's Check On Demand 32 for check printing and BankOne for positive pay and EFT transmissions.
- Other reporting capabilities on an "as needed" basis.

Additional objectives to be served by this project include:

- Improved service levels to members and retirees;
- Improved system work flows and increased work efficiency for LASERS staff;
- Increased and improved Web-based, self-service functions to members and retirees;
- Improved accuracy of all information collected, maintained, and provided by LASERS;
- Improved timeliness and accuracy of responses to member and retiree inquiries; and
- Enhanced ability to work with new and future technologies that can provide cost-effective benefits to LASERS members, retirees, agencies, and staff.

LASERS current financial accounting system, the PeopleSoft package (formerly JD Edwards), was upgraded during the summer of 2004 to OneWorld Xe. However, in order to integrate SOLARIS with the currently supported vendor technology, a separate project has been undertaken to upgrade to the PeopleSoft EnterpriseOne version 8.10 package. This project should be completed in the first half of 2005.

INVESTMENTS REPORT 2004

Asset allocation is an investment strategy designed to minimize risk and maximize return under any market conditions. In the short-term, capital markets can be incorrectly priced. It follows that if you have diversification (investments in several different stocks and bonds), your risk will be decreased. Other asset allocation considerations include the following:

- Legislative restraints of asset classes and weighted constraints
- The outlook and growth rates predicted for the

different investments available

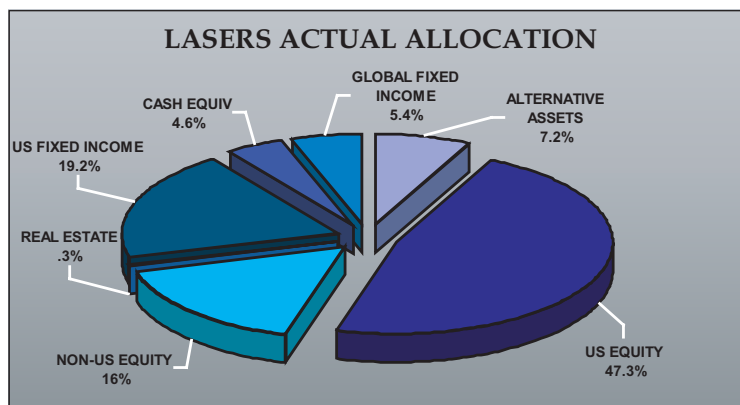
- Correlation or the experience that two different types of assets have dissimilar growth rates predicted in rising or decreasing markets: A correlation of -1 = low similarity, and +1.0 = high similarity

LASERS routinely reviews its asset allocation strategies and makes minor adjustments in order to maximize return while maintaining adequate liquidity. In March 2004, the Board of Trustees made the following adjustments to the asset allocation plan:

ASSET ALLOCATION TARGETS	2004	2003
U.S. Equities	46.0%	43.0%
Non-US Equities	16.0%	15.0%
U.S. Fixed Income	20.0%	31.0%
Global Fixed Income	5.0%	5.0%
Alternative Assets (includes real estate)	8.0%	6.0%
Cash Equivalents	5.0%	0.0%

LASERS maintains a broadly diversified portfolio that achieved an 18.0% return, almost twice the nominal target rate of return of 9.35% (8.25% actuarially required rate plus 1.10% targeted excess

return), with minimal risk for the fiscal year ending June 30, 2004. LASERS asset allocation as of June 30, 2004 Fiscal Year End is summarized in the following chart:



Management fees are paid to external investment managers to manage the assets of the fund. These fees are usually calculated based on a percentage of the market value of assets under management. The annual cost of management fees range from 0.10% to 2% of the total market value of the funds. The more complex and risk adverse the strategy, the higher the fees charged.

LASERS utilizes internal staff and resources to manage \$2.2 billion of its approximately 6.5 billion in investment assets. LASERS increased the

size of its internally managed index funds to reduce investment management fees. The internal management of investment assets has resulted in annual savings of \$6.5 million versus the external management alternative. This savings was used to pay higher fees on an asset class called "alternatives." The overall allocation to alternatives was increased by 2% to enhance returns and reduce short-term uncertainty in the market due to their low correlation to other asset classes.

PURCHASE OF SERVICE (AIR TIME)

"Air time" is the term used to describe the purchase of additional credit as described in LRS 11:429 which states, "any member of the system who has credit in the system for at least one year of service shall be eligible to obtain credit for up to five years of service credit in one year increments..." Once a member of LASERS has a minimum of one year of service, a maximum of five years of additional service may be purchased. The service, once purchased, will be added to existing service.

As with all other service purchases (excluding repayment of refunded service) this is an actuarial calculation. These types of calculations are performed by an Actuary. The calculation considers factors such as age, years of existing service, current salary, current average salary and retirement eligibility. Each calculation is different since each is based on the specifics of the member making the purchase. The cost is usually lower once eligibility for retirement has been met. There is a \$100 nonrefundable fee required to receive this cost calculation. The fee may be paid by personal check, cashier's check, certified check, or money order and must be made payable to Charles G. Hall, Actuary. This fee will provide you with up to two cost calculations. For example, you may choose to request a cost calculation for the full five years and one for three years. Should you wish to receive a cost calculation for more than two increments of service there is an additional \$50 fee for each additional calculation. Therefore, if you request a calculation for the purchase of 1, 2, 3, 4 and 5 years of service the total calculation fee would be \$250.00. (\$100 + \$50 + \$50 + \$50) Once you have provided LASERS with the calculation fee and the completed application to purchase the service, your records will be forwarded

to the actuary. The actuary will perform the calculation and return the information to LASERS. We will then forward the cost calculations to you. **NOTE: LASERS does not have an actuary on staff. LASERS staff cannot perform these calculations nor can they provide you with an "estimate" of the price. All cost calculations must be performed by the actuary.**

You will need to complete a **Form 2-7: Application for Purchase of Service Under R.S. 11:429**. This form can be obtained from your employer, through the LASERS website or by contacting this office. You must complete the application and return it to LASERS with the actuary fee. Should you decide to purchase the credit after receiving the cost calculation, your payment should be made directly to LASERS and you should include a copy of the cost calculation with your payment. You are allowed to make payment for the purchase of service by a rollover of funds from a qualified plan or an IRA under Section 401 (a) of the Internal Revenue Service Code. You should contact your financial institution to determine rollover eligibility. If you choose to rollover funds to cover the payment of this service, you must complete **Form 2-13: LASERS – Acceptance Letter of Rollover of Assets**. This form should then be forwarded to your financial institution for the completion of Section 3. The financial institution should then return the form to LASERS, as indicated. If the rollover amount is not sufficient to cover the entire cost, you must forward the payment for the amount of the deficiency.

Once you purchase this service credit, it will be added to your existing service credit and can be used to reach eligibility for retirement.

SELF-DIRECTED DROP 2004

Effective January 01, 2004, DROP/IBO participants were able to choose from a menu of investment options in allocating their DROP/IBO balances. Under a recently enacted law (Act 818 of the 2003 Regular Session), LASERS established a Self-Directed Plan administered by a third-party provider under contract with LASERS. This third-party provider is

Great-West Retirement Services. Great-West allows you to choose fixed investment options or mutual funds from asset classes with different holdings, management styles, and risk factors. You are able to diversify your investments in the way that you choose.

You have the option to choose the LASERS

DROP/IBO account, or the new Self-Directed Plan if: that may apply.

- you retired and selected the Initial Benefit Option (IBO) before January 1, 2004, OR
- your DROP start date was before January 1, 2004, OR
- you were eligible for regular retirement before January 1, 2004, continued to work, and later entered DROP within the 3-year 60-day window, or took the IBO, OR
- you are the spousal beneficiary of a DROP/IBO member.

There are investment choices such as a Stable Value Fund, which is a fund guaranteed against investment loss and a wide selection of mutual funds across various asset classes. Members may request a detailed history from Great-West of their account and of any fund management fees

Those meeting the criteria discussed above may enter the Self-Directed Plan. You will not be forced to enter. However, if you choose to enter, it will be an irrevocable choice (you cannot return to the traditional DROP) and you must transfer your entire DROP balance into the Self-Directed Plan. Members eligible for DROP or IBO subsequent to January 1, 2004 are required to participate in the Self-Directed Plan.

As with many investments, participation in the Self-Directed Plan may entail a risk of loss of principal or earnings.

If you are currently in the DROP accumulation period or a retiree with a DROP/IBO account, you may contact Great-West at 225-926-8086 or 800-937-7604 or at www.LouisianaDCP.com. Their office is located at 2237 S. Acadian Thruway, Suite 702, Baton Rouge, LA 70808.

EMPLOYER CONTRIBUTION RATES & ACT 588

The Public Retirement Systems' Actuarial Committee has lowered the employer contribution rate for Fiscal Year 2004-2005 from 19.1% to 17.8% of earned compensation. This revision is based on Act 588 of 2004 (Senate Bill 622),

changing the period of amortizing certain actuarial gains and losses. The LASERS revised employer contribution rate was effective with the first paycheck issued in July 2004.

Membership Category	Employee Rate (%)	Employer Rate (%)
State Employees	7.50	17.8
Corrections Plan	Admin. staff = 7.50 Corr. officers = 9.00	17.8
Wildlife & Fisheries Plan*	Agency 017 = 7.50 Agency 518 = 9.50	17.8
Governor/Lt. Governor	11.50	17.8
State Treasurer	7.50	17.8
Legislative Plan	11.50	17.8
Judges Plan	11.50	17.8
Bridge Police Plan	8.50	17.8
Optional Retirement Plan	7.50	17.8

*Wildlife and Fisheries Agency 017 is Admin Staff and Agency 518 are Enforcement Agents.

FOR YOUR INFORMATION

LASERS is a defined benefit plan under Section 401(a) of the Internal Revenue Code. It was established by act of the Louisiana Legislature in 1946 with the first members joining the system July 1, 1947.

Basic retirement eligibility requirements are:

- 1.) 30 years of service at any age;
- 2.) 25 years of service at age 55;
- 3.) 10 years service at age 60; or
- 4.) 20 years service, at any age, with an actuarially reduced benefit.

There are different contribution and retirement eligibility requirements for special groups of employees. These are further defined on our website and in our ***Membership Handbook***.

For additional detailed information on the above topics, as well as our annual independent auditor's report, check the LASERS website at ***<http://www.lasers.state.la.us>***. For our complete Comprehensive Annual Financial Report (CAFR), call LASERS, or check with your public library's Government Resource Document Center.

For answers to frequently asked questions, you may also access our 24-hour automated information line at **1-800-830-0337**.

The Popular Annual Financial Report (PAFR) is designed to present information regarding the financial condition of LASERS in a user-friendly format. Our PAFR, entitled "Summary Annual Report," condenses and simplifies our 2004 Comprehensive Annual Financial Report (CAFR) and is intended to be a supplement to the CAFR, not a replacement. The CAFR conforms to Generally Accepted Accounting Principles (GAAP). While the information for this report was taken from our CAFR, it is presented in a non-GAAP format for ease of understanding.

We have submitted our 2004 CAFR for review under the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting. A complete copy of the CAFR can be reviewed at any Louisiana parish library or at the Louisiana State Library in Baton Rouge, or may be purchased at our cost by contacting our office.

The Government Finance Officers Association of the United State and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the Louisiana State Employees' Retirement System for its Popular Annual Financial Report for the fiscal year ended June 30, 2003. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards of preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. LASERS has received a Popular Award for the past five consecutive years. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

**STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2004 AND 2003**

	2004	2003
ASSETS		
Cash and Cash Equivalents (at fair value)	\$48,821,649	\$91,561,494
Receivables:		
Employer Contributions	23,542,144	20,186,471
Member Contributions	11,440,448	11,013,639
Interest and Dividends	26,363,975	29,644,425
Investment Proceeds	6,813,288	27,771,546
Open Investment Contracts	1,796,303	255,914
Other	684,254	840,163
Total Receivables	70,640,412	89,712,158
Investments (at fair value):		
Short-term Investments - Domestic	406,659,192	172,524,924
U. S. Government Obligations	453,183,609	675,181,505
Bonds/Fixed Income - Domestic	653,811,272	863,268,859
Bonds/Fixed Income - International	425,666,540	370,356,361
Equity Securities - Domestic	2,997,721,043	2,370,603,802
Equity Securities - International	1,094,007,887	852,278,899
Real Estate Investments	36,559,190	31,238,732
Alternative Investments	466,764,746	294,891,180
Total Investments	6,534,373,479	5,630,344,262
Property and Equipment (at cost):		
Land	858,390	858,390
Building and Improvements	5,149,223	5,131,565
Equipment	8,976,375	8,652,667
Total Property and Equipment	14,983,988	14,642,622
Accumulated Depreciation	(9,666,559)	(8,984,880)
Property and Equipment - Net	5,317,429	5,657,742
TOTAL ASSETS	6,659,152,969	5,817,275,656
LIABILITIES		
Investment Commitments Payable	41,407,685	93,197,172
Accounts Payable - Open Investment Contracts	1,796,302	255,914
Accounts Payable and Other Accrued Liabilities	7,923,853	5,078,591
TOTAL LIABILITIES	51,127,840	98,531,677
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$6,608,025,129	\$5,718,743,979

**STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003**

	2004	2003
ADDITIONS		
Contributions:		
Employer Contributions	\$335,991,617	\$292,290,126
Member Contributions	163,277,178	159,469,854
Total Contributions	499,268,795	451,759,980
Investment Income:		
Net Appreciation in Fair Value of Investments	879,933,623	45,767,189
Interest and Dividends	133,200,790	177,513,699
Other Investment Income	3,156,407	6,471,885
	1,016,290,820	229,752,773
Less Investment Fee Expense	20,266,725	16,901,210
Net Investment Income	996,024,095	212,851,563
Other Income	9,325,389	15,137,037
Total Additions	1,504,618,279	679,748,580
DEDUCTIONS		
Retirement Benefits	573,152,747	544,009,581
Refunds of Member Contributions	28,760,064	25,043,817
Administrative Expenses	12,629,058	10,196,507
Other	795,260	1,632,930
Total Deductions	615,337,129	580,882,835
NET INCREASE	889,281,150	98,865,745
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
Beginning of Year	5,718,743,979	5,619,878,234
End of Year	\$6,608,025,129	\$5,718,743,979



LASERS

Louisiana State Employees'
Retirement System

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